



Ninety-Seventh Legislature - Second Session - 2002
Introducer's Statement of Intent
LB 1244

Chairperson: Senator William R. Wickersham
Committee: Revenue
Date of Hearing: February 21, 2002

The following constitute the reasons for this bill and the purposes which are sought to be accomplished thereby:

Under LB 1244, an income tax credit is available to producers of electric power using renewable energy resources from a zero emission facility located in Nebraska. Renewable energy resources include wind, moving water, sun, and geothermal energy. The construction and operation of the zero-emission facility must result in no pollution or emissions that are or may be harmful to the environment, as determined by the Department of Environmental Quality.

The amount of the credit varies depending on when the electricity is generated. For electricity generated prior to January 1, 2004, the amount of the credit is seventy-five one hundredths of one cent (\$0.0075) for each kilowatt-hour of electricity generated by zero-emission facilities. For electricity generated after January 1, 2004, but prior to January 1, 2007, the amount of the credit is fifty one hundredths of one cent (\$0.0050) per kilowatt-hour for electricity generated by zero-emission facilities. For electricity generated after January 1, 2007, but prior to January 1, 2012, the amount of the credit is twenty-five one hundredths of one cent (\$0.0025) per kilowatt-hour of electricity generated by zero-emission facilities. Credits may be claimed over a 10-year period.

Credits are available to both private entities and entities not subject to income tax—such as public power producers. The public entities' tax credits become property rights which may be transferred or sold to a taxable entity.

The purpose of LB 1244 is to provide an incentive to the State of Nebraska, its citizens, agencies, and political subdivisions to encourage the expenditure of funds in the development, construction, and utilization of electricity generated by zero-emission facilities. Its goal is also to provide economic development for the rural areas of Nebraska that have excellent wind energy potential and are in need of new industry, jobs, and alternative "crops" for their lands through wind energy leases for landowners.

The bill does not contain a size limit on the electricity generation, so the renewable energy tax credit would also be available to a homeowner who installs a wind turbine to lower the cost of his or her home energy bill.

In addition to the other benefits, the tax incentive in LB 1244 will increase sales of wind turbines and other renewable energy equipment, helping manufacturers to increase their volume and lower costs even further.

Principal Introducer:

Senator D. Paul Hartnett